

**Introduced by Senator Maldonado**

February 10, 2005

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An act to amend Section 6380 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 193, as introduced, Maldonado. Sales and use taxes: exemptions: space flight.

The Sales and Use Tax Law imposes a tax on the gross receipts from the sale in this state of, or the storage, use, or other consumption in this state of, tangible personal property. That law provides various exemptions from that tax, including an exemption for qualified property for use in space flight.

This bill would expand the exemption for qualified property, used for the purpose of space flight or used in spaceport operations, to include property used for the purpose of assembly, launch, or transport, and tangible property used in spaceport operations. This bill would also exempt materials consumed or installed by a contractor in the construction of a facility designed to launch, manufacture, fabricate, assemble, test, or process qualified property.

Counties and cities are authorized to impose local sales and use taxes in conformity with state sales and use taxes. Exemptions from state sales and use taxes enacted by the Legislature are incorporated into the local taxes.

Section 2230 of the Revenue and Taxation Code provides that the state will reimburse counties and cities for revenue losses caused by the enactment of sales and use tax exemptions.

This bill would provide that, notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made and the state

shall not reimburse local agencies for sales and use tax revenues lost by them pursuant to this bill.

This bill would take effect immediately as a tax levy, but its operative date would depend on its effective date.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 6380 of the Revenue and Taxation Code  
2 is amended to read:  
3 6380. (a) There are exempted from the taxes imposed by this  
4 part the gross receipts from the sale of, and the storage, use, or  
5 other consumption in this state of, qualified property ~~for use in~~  
6 *used for the purpose of space flight or used in spaceport*  
7 *operations.*  
8 (b) For purposes of this section:  
9 (1) "Qualified property" means any of the following:  
10 (A) Tangible personal property that has space flight capability,  
11 including, but not limited to, an orbital space facility, space  
12 propulsion system, space vehicle, satellite, or space station of any  
13 kind, and any component thereof.  
14 (B) Tangible personal property to be placed or used aboard  
15 any facility, system, vehicle, satellite, or station described in  
16 subparagraph (A), regardless of whether that property is to be  
17 ultimately returned to this state for subsequent use, storage, or  
18 other consumption.  
19 (C) *Tangible personal property to be used for the purpose of*  
20 *assembly, launch, or transport of property described in*  
21 *subparagraph (A), provided that the property is transported to a*  
22 *launchsite within California or directly from California to a site*  
23 *in the Pacific Ocean outside of California's territorial waters.*  
24 (D) *Tangible personal property used in spaceport operations*  
25 *as described in subparagraph (B) of paragraph (2).*  
26 (E) Fuel of a quality that is not adaptable for use in ordinary  
27 motor vehicles, but is produced, sold, and used exclusively for  
28 space flight.  
29 (2) *For purposes of this section:*

1 (A) "Space flight" means any flight designed for suborbital,  
2 orbital, or interplanetary travel by a space vehicle, satellite, space  
3 facility, or space station of any kind.

4 (B) "Spaceport operations" means an installation and related  
5 facilities, and equipment used for the launching, landing,  
6 recovering, and monitoring of vehicles capable of entering or  
7 entering and returning from space flight.

8 (c) The exemption established by this section shall not be  
9 denied by reason of a failure, postponement, or cancellation of a  
10 launch of a space vehicle, satellite, space facility, or space station  
11 of any kind, or the destruction of any launch vehicle or any  
12 component thereof, ~~but the exemption shall not apply to any~~  
13 ~~material that is not intended to be launched into space.~~

14 (d) *There are also exempted from the taxes imposed by this*  
15 *part the gross receipts from the sale of, and the storage, use, or*  
16 *other consumption in this state of, materials consumed or*  
17 *installed by a contractor in the construction of a facility designed*  
18 *to launch, manufacture, fabricate, assemble, test, or process*  
19 *qualified property.*

20 SEC. 2. Notwithstanding Section 2230 of the Revenue and  
21 Taxation Code, no appropriation is made by this act and the state  
22 shall not reimburse any local agency for any sales and use tax  
23 revenues lost by it under this act.

24 SEC. 3. This act provides for a tax levy within the meaning of  
25 Article IV of the Constitution and shall go into immediate effect.  
26 However, the provisions of this act shall become operative on the  
27 first day of the first calendar quarter commencing more than 90  
28 days after the effective date of this act.